

## 9.1.2 2014/ 2015 MID- YEAR ADJUSTMENTS BUDGET

**File No. 2/2/2/15**  
**Directorate: Financial Services**

**Responsible official: D. McThomas**  
**Portfolio: Financial Planning**

### **Purpose**

The purpose of this submission is to present an adjustments budget for 2014/2015 financial year to:

- adjust revenue and expenditure projections after the half yearly performance;
- adjust capital expenditure programme; and
- provide for other expenditure not budgeted for

### **Legal Framework**

Section 28 of the Municipal Finance Management Act states that:

*(1) A municipality may revise an approved annual budget through an adjustments budget.*

*(2) An adjustments budget-*

- (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;*
- (b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;*
- (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;*
- (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;*
- (e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;*
- (f) may correct any errors in the annual budget; and*
- (g) may provide for any other expenditure within a prescribed framework.*

Regulation 23 (3) of the Municipal Budget and Reporting Regulations states that:

*“An adjustment budget referred to in section 28(2)(b), (d) and (f) of the Act may be tabled in the Municipal council at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28*

February of the current year”

Regulation 25 (2) of the Municipal Budget and Reporting Regulations states that:

“A municipal council must consider the full implications, financial and otherwise, of the adjustments budget and supporting documentation referred to in regulation 21 before approving the adjustments budget”

## Summary

### Revenue

| Description                                                                  | R<br>e<br>f | Budget Year 2014/15 |                   |                       |                           |                           |                             |                        |                   |                    |
|------------------------------------------------------------------------------|-------------|---------------------|-------------------|-----------------------|---------------------------|---------------------------|-----------------------------|------------------------|-------------------|--------------------|
|                                                                              |             | Original<br>Budget  | Prior<br>Adjusted | Accu-<br>m. Fund<br>s | Multi-<br>year<br>capital | Unfo-<br>re. Un-<br>void. | Nat.<br>or<br>Prov.<br>Govt | Other<br>Adjust-<br>s. | Total<br>Adjusts. | Adjusted<br>Budget |
|                                                                              |             | A                   | 3<br>A1           | 4<br>B                | 5<br>C                    | 6<br>D                    | 7<br>E                      | 8<br>F                 | 9<br>G            | 10<br>H            |
| <b>R thousands</b>                                                           | <b>1</b>    | <b>A</b>            | <b>A1</b>         | <b>B</b>              | <b>C</b>                  | <b>D</b>                  | <b>E</b>                    | <b>F</b>               | <b>G</b>          | <b>H</b>           |
| <b>Revenue By Source</b>                                                     |             |                     |                   |                       |                           |                           |                             |                        |                   |                    |
| Property rates                                                               | 2           | 92 944              | 92 944            | –                     | –                         | –                         | –                           | –                      | –                 | 92 944             |
| Property rates - penalties<br>& collection charges                           |             | 788                 | 788               | –                     | –                         | –                         | –                           | –                      | –                 | 788                |
| Service charges -<br>electricity revenue                                     | 2           | 321<br>696          | 321 696           | –                     | –                         | –                         | –                           | –                      | –                 | 321 696            |
| Service charges - water<br>revenue                                           | 2           | 48 110              | 48 110            | –                     | –                         | –                         | –                           | –                      | –                 | 48 110             |
| Service charges -<br>sanitation revenue                                      | 2           | 51 980              | 51 980            | –                     | –                         | –                         | –                           | –                      | –                 | 51 980             |
| Service charges - refuse<br>revenue                                          | 2           | 29 755              | 29 755            | –                     | –                         | –                         | –                           | –                      | –                 | 29 755             |
| Service charges - other<br>Rental of facilities and<br>equipment             |             | (22<br>857)         | (22 857)          | –                     | –                         | –                         | –                           | –                      | –                 | (22 857)           |
| Interest earned - external<br>investments                                    |             | 13 116              | 13 116            | –                     | –                         | –                         | –                           | 400                    | 400               | 13 516             |
| Interest earned -<br>outstanding debtors                                     |             | 7 200               | 7 200             | –                     | –                         | –                         | –                           | –                      | –                 | 7 200              |
| Dividends received                                                           |             | 2 522               | 2 522             | –                     | –                         | –                         | –                           | –                      | –                 | 2 522              |
| Fines                                                                        |             | –                   | –                 | –                     | –                         | –                         | –                           | –                      | –                 | –                  |
| Licences and permits                                                         |             | 16 313              | 16 313            | –                     | –                         | –                         | –                           | 36 329                 | 36 329            | 52 642             |
| Agency services                                                              |             | 3 452               | 3 452             | –                     | –                         | –                         | –                           | –                      | –                 | 3 452              |
| Transfers recognised -<br>operating                                          |             | 5 300               | 5 300             | –                     | –                         | –                         | –                           | –                      | –                 | 5 300              |
| Other revenue                                                                | 2           | 127<br>076          | 168 687           | –                     | –                         | –                         | 3 801                       | –                      | 3 801             | 172 487            |
| Gains on disposal of PPE                                                     |             | 7 500               | 6 308             | –                     | –                         | –                         | –                           | 2 560                  | 2 560             | 8 869              |
|                                                                              |             | 490                 | 490               | –                     | –                         | –                         | –                           | –                      | –                 | 490                |
| <b>Total Revenue (excluding<br/>capital transfers and<br/>contributions)</b> |             | <b>705<br/>383</b>  | <b>745 803</b>    | <b>–</b>              | <b>–</b>                  | <b>–</b>                  | <b>3 801</b>                | <b>39 290</b>          | <b>43 091</b>     | <b>788 893</b>     |

Summary of significant changes is as follows:

- Revenue from traffic fine was reduced by R2 000 000
- Miscellaneous income from streets was increased by R2 500 000
- Provision for bad debts: fines was increased by R38mil

## Expenditure

| Description                     | R<br>ef  | Budget Year 2014/15 |                   |                     |                           |                             |                             |                   |                   |                    |
|---------------------------------|----------|---------------------|-------------------|---------------------|---------------------------|-----------------------------|-----------------------------|-------------------|-------------------|--------------------|
|                                 |          | Original<br>Budget  | Prior<br>Adjusted | Acc<br>um.<br>Funds | Multi-<br>year<br>capital | Unf<br>ore.<br>Un<br>avoid. | Nat.<br>or<br>Prov.<br>Govt | Other<br>Adjusts. | Total<br>Adjusts. | Adjusted<br>Budget |
|                                 |          | A                   | 3<br>A1           | 4<br>B              | 5<br>C                    | 6<br>D                      | 7<br>E                      | 8<br>F            | 9<br>G            | 10<br>H            |
| <b>R thousands</b>              | <b>1</b> | <b>A</b>            | <b>3<br/>A1</b>   | <b>4<br/>B</b>      | <b>5<br/>C</b>            | <b>6<br/>D</b>              | <b>7<br/>E</b>              | <b>8<br/>F</b>    | <b>9<br/>G</b>    | <b>10<br/>H</b>    |
| <b>Expenditure By Type</b>      | <b>-</b> |                     |                   |                     |                           |                             |                             |                   |                   |                    |
| Employee related costs          |          | 234 581             | 235 670           | –                   | –                         | –                           | –                           | (13 267)          | (13 267)          | 222 403            |
| Remuneration of councillors     |          | 14 522              | 14 522            | –                   | –                         | –                           | –                           | 15                | 15                | 14 537             |
| Debt impairment                 |          | 16 013              | 16 013            | –                   | –                         | –                           | –                           | 32 000            | 32 000            | 48 013             |
| Depreciation & asset impairment |          | 69 304              | 69 304            | –                   | –                         | –                           | –                           | –                 | –                 | 69 304             |
| Finance charges                 |          | 25 867              | 25 867            | –                   | –                         | –                           | –                           | –                 | –                 | 25 867             |
| Bulk purchases                  |          | 226 802             | 226 802           | –                   | –                         | –                           | –                           | –                 | –                 | 226 802            |
| Other materials                 |          | 60 498              | 60 723            | –                   | –                         | –                           | –                           | (949)             | (949)             | 59 774             |
| Contracted services             |          | 7 167               | 7 167             | –                   | –                         | –                           | –                           | (50)              | (50)              | 7 117              |
| Transfers and grants            |          | 200                 | 200               | –                   | –                         | –                           | –                           | –                 | –                 | 200                |
| Other expenditure               |          | 98 561              | 137 166           | –                   | –                         | –                           | –                           | 3 874             | 3 874             | 141 041            |
| Loss on disposal of PPE         |          | 288                 | 288               | –                   | –                         | –                           | –                           | –                 | –                 | 288                |
| <b>Total Expenditure</b>        |          | <b>753 804</b>      | <b>793 723</b>    | <b>–</b>            | <b>–</b>                  | <b>–</b>                    | <b>–</b>                    | <b>21 624</b>     | <b>21 624</b>     | <b>815 347</b>     |

Summary of significant changes is as follows:

- Employee related costs was reduced by R 16 344 469
- Overtime and standby allowance increased by R3 259 675
- Moving of toilets reduced by R950 000
- Rental of speed cameras reduced by R1 100 000
- Professional services increased by R500 000

Overall summary is as follows (Financial Performance):

| Description                                   | Budget Year 2014/15 |                   |                     |                           |                             |                             |                   |                   |                    |
|-----------------------------------------------|---------------------|-------------------|---------------------|---------------------------|-----------------------------|-----------------------------|-------------------|-------------------|--------------------|
|                                               | Original<br>Budget  | Prior<br>Adjusted | Acc<br>um.<br>Funds | Multi-<br>year<br>capital | Unf<br>ore.<br>Un<br>avoid. | Nat.<br>or<br>Prov.<br>Govt | Other<br>Adjusts. | Total<br>Adjusts. | Adjusted<br>Budget |
|                                               | A                   | 1<br>A1           | 2<br>B              | 3<br>C                    | 4<br>D                      | 5<br>E                      | 6<br>F            | 7<br>G            | 8<br>H             |
| <b>R thousands</b>                            | <b>A</b>            | <b>1<br/>A1</b>   | <b>2<br/>B</b>      | <b>3<br/>C</b>            | <b>4<br/>D</b>              | <b>5<br/>E</b>              | <b>6<br/>F</b>    | <b>7<br/>G</b>    | <b>8<br/>H</b>     |
| <b>Total Revenue (excl capital transfers)</b> | <b>705 383</b>      | <b>745 803</b>    | <b>–</b>            | <b>–</b>                  | <b>–</b>                    | <b>3 801</b>                | <b>39 290</b>     | <b>43 091</b>     | <b>788 893</b>     |
| <b>Total Expenditure</b>                      | <b>753 804</b>      | <b>793 723</b>    | <b>–</b>            | <b>–</b>                  | <b>–</b>                    | <b>–</b>                    | <b>21 624</b>     | <b>21 624</b>     | <b>815 347</b>     |
| <b>Surplus/(Deficit)</b>                      | <b>(48 420)</b>     | <b>(47 920)</b>   | <b>–</b>            | <b>–</b>                  | <b>–</b>                    | <b>3 801</b>                | <b>17 666</b>     | <b>21 467</b>     | <b>(26 453)</b>    |

|                                         |              |              |          |          |          |               |               |               |               |
|-----------------------------------------|--------------|--------------|----------|----------|----------|---------------|---------------|---------------|---------------|
| Transfers-capital                       | 50 377       | 50 522       | –        | –        | –        | 6 587         | –             | 6 587         | 57 109        |
| <b>Surplus/(Deficit) for the period</b> | <b>1 956</b> | <b>2 601</b> | <b>–</b> | <b>–</b> | <b>–</b> | <b>10 388</b> | <b>17 666</b> | <b>28 054</b> | <b>30 655</b> |

### Capital expenditure

| Description                                       | Ref | Budget Year 2014/15 |                |              |                    |                  |                    |                |                |                 |
|---------------------------------------------------|-----|---------------------|----------------|--------------|--------------------|------------------|--------------------|----------------|----------------|-----------------|
|                                                   |     | Original Budget     | Prior Adjusted | Accum. Funds | Multi-year capital | Unfore. Unavoid. | Nat. or Prov. Govt | Other Adjusts. | Total Adjusts. | Adjusted Budget |
| R thousands                                       |     | A                   | A1             | B            | C                  | D                | E                  | F              | G              |                 |
| <b><u>Capital Expenditure - Standard</u></b>      |     |                     |                |              |                    |                  |                    |                |                |                 |
| <b><i>Governance and administration</i></b>       |     | <b>3 818</b>        | <b>4 463</b>   | –            | –                  | –                | <b>615</b>         | <b>1 267</b>   | <b>1 882</b>   | <b>6 346</b>    |
| Executive and council                             |     | 186                 | 331            | –            | –                  | –                | –                  | 15             | 15             | 346             |
| Budget and treasury office                        |     | 719                 | 719            | –            | –                  | –                | 18                 | 34             | 52             | 771             |
| Corporate services                                |     | 2 913               | 3 413          | –            | –                  | –                | 597                | 1 218          | 1 815          | 5 228           |
| <b><i>Community and public safety</i></b>         |     | <b>7 964</b>        | <b>7 970</b>   | –            | –                  | –                | <b>174</b>         | <b>142</b>     | <b>316</b>     | <b>8 286</b>    |
| Community and social services                     |     | 4 812               | 4 812          | –            | –                  | –                | 174                | 4              | 178            | 4 990           |
| Sport and recreation                              |     | 2 822               | 2 822          | –            | –                  | –                | –                  | 101            | 101            | 2 923           |
| Public safety                                     |     | 330                 | 336            | –            | –                  | –                | –                  | 38             | 38             | 374             |
| Housing                                           |     | –                   | –              | –            | –                  | –                | –                  | –              | –              | –               |
| Health                                            |     | –                   | –              | –            | –                  | –                | –                  | –              | –              | –               |
| <b><i>Economic and environmental services</i></b> |     | <b>25 163</b>       | <b>25 163</b>  | –            | –                  | –                | –                  | <b>(5)</b>     | <b>(5)</b>     | <b>25 158</b>   |
| Planning and development                          |     | –                   | –              | –            | –                  | –                | –                  | –              | –              | –               |
| Road transport                                    |     | 25 163              | 25 163         | –            | –                  | –                | –                  | (5)            | (5)            | 25 158          |
| Environmental protection                          |     | –                   | –              | –            | –                  | –                | –                  | –              | –              | –               |
| <b><i>Trading services</i></b>                    |     | <b>45 061</b>       | <b>48 625</b>  | –            | –                  | –                | <b>797</b>         | <b>279</b>     | <b>6 076</b>   | <b>54 701</b>   |
| Electricity                                       |     | 4 786               | 5 662          | –            | –                  | –                | 609                | 40             | 5 649          | 11 311          |
| Water                                             |     | 29 473              | 30 627         | –            | –                  | –                | –                  | (441)          | (441)          | 30 186          |
| Waste water management                            |     | 9 152               | 10 686         | –            | –                  | –                | –                  | 500            | 500            | 11 186          |
| Waste management                                  |     | 1 650               | 1 650          | –            | –                  | –                | 188                | 180            | 368            | 2 018           |
| <b><i>Other</i></b>                               |     | <b>–</b>            | <b>–</b>       | <b>–</b>     | <b>–</b>           | <b>–</b>         | <b>–</b>           | <b>–</b>       | <b>–</b>       | <b>–</b>        |
| <b>Total Capital Expenditure - Standard</b>       | 3   | <b>82 006</b>       | <b>86 221</b>  | –            | –                  | –                | <b>6 587</b>       | <b>1 683</b>   | <b>8 270</b>   | <b>94 491</b>   |

The following significant additions were effected:

- Equipment: Generator – R51 000
- Electrification – R 5 609 016
- Intangible asset: leave and overtime system module - R197 402
- Intangible asset: SCM system module – R382 000
- Vehicles: Fire – R1 100 000

- Specialized vehicle for disabled people - R400 000
- Construction of mini-drop off facilities – R376 000

## Attachments

Adjustments Budget B - schedules (B1 – B10)

Adjustments Budget supporting schedules (SB1 – SB10)

Signed Quality Certificate

# BREEDEN VALLEY

Municipality

Munisipaliteit

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WORCESTER ▼ RAWSONVILLE ▼ DE DOORNS ▼ TOUWS RIVER

## ADJUSTMENTS BUDGET

Tabled in Council on 10 December 2014

### 1. Resolutions

That Council approves the adjustments budget in terms of regulation 23 (1) of the Municipal Budget and Reporting Regulations.

### 2. Adjustments Budget Tables

B1 Consolidated Adjustments Budget Summary

B2 Consolidated Adjustments Budget Financial Performance

*By Standard Classification*

B3 Consolidated Adjustments Budget Financial Performance  
*By Municipal Vote*

B4 Consolidated Adjustments Budget Financial Performance  
*(Revenue and Expenditure)*

B5 Consolidated Adjustments Budget Capital Expenditure  
*Vote and Funding*

B6 Consolidated Adjustments Budget Financial Position

B7 Consolidated Adjustments Budget Cash Flows

B8 Consolidated Cash Backed Reserves/Accumulated Surplus  
*Reconciliation*

B9 Consolidated Asset Management

B10 Consolidated Basic Service Delivery Measurement

**Comment of Directorates / Departments concerned**

**Municipal Manager**

Recommendation supported.

**Director: Strategic Support Services**

Recommendation supported.

**Director: Financial Services**

Recommendation Supported.

**Director: Technical Services**

Recommendation supported.

**Director: Community Services**

Recommendation supported.

**RECOMMENDATION**

**That in respect of the**

**ADJUSTMENTS BUDGET FOR 2014/2015 – FEBRUARY 2015**

**discussed by Council at the Council Meeting held on 24 February 2015**

1. Council approves the 2014/2015 – February 2015 Adjustments Budget.

Proposed: Cllr. B.J. Kriegler

Seconded: Cllr. W.M. Blom

Counter proposal: Cllr. C.F. Wilskut

Seconded: Cllr. P. Marran

Dat die aansuiweringsbegroting soos ter tafel gelê geammendemeer word met R1m opwaarts om voorsiening te maak vir tydelike chemiese toilette en water vir plasing in informele areas soos Avian Park, Worcester West, Zwelethemba en enige ander areas. Dat die administrasie geopdrag word om genoemde aanpassing met onmiddellike effek op te neem in die aansuiweringsbegroting.

Dat die R950 000 behoue gehou moet word in die begroting vir die toilette.

13 for the proposal of Cllr. C.F. Wilskut

21 for the proposal of Cllr. B.J. Kriegler

**RESOLVED**

**C9/2015**

**That in respect of the**

**ADJUSTMENTS BUDGET FOR 2014/2015 – FEBRUARY 2015**

**discussed by Council at the Council Meeting held on 24 February 2015**

1. Council approves the 2014/2015 – February 2015 Adjustments Budget.